

2. Respondent was alleged to have violated Neb. Rev. Stat. §§44-710, 44-710.17, 44-1524, 44-1525(1)(a), 44-1525(1)(f), 44-1525(2) as a result of the following conduct:

- a. On or about February 14, 2008, a complaint was filed with the Nebraska Department of Insurance with regard to a long term care policy with Respondent and a rate increase. Rhonda Hotchkiss (Hotchkiss), an insurance investigator with the Nebraska Department of Insurance, was assigned to investigate this matter.
- b. In reviewing this matter, Hotchkiss requested and received several documents including insurance policies and riders. On May 19, 2008, Hotchkiss received a document from Respondent with regard to C. Burnett Terman's policy. In the policy, there was an endorsement, Form 1091, for the policy dated November 12, 2006, which deleted the return of premium rider. The endorsement was not signed nor did it appear that there was any place on the endorsement for signature. There was a letter, apparently signed by Mr. Terman, to ask that the return of premium rider benefit be dropped from the policy. In the May 19, 2008 letter, Respondent indicated that they were "...in the process of filing the 1091 Endorsement Form with the Department and the filing should be completed within the next 10 business days."
- c. On July 10, 2008, Hotchkiss sent Respondent a letter requesting a response as to why, in their letter of May 19, 2008, Respondent claimed that they had sent this filing in to the Department of Insurance. In fact, as Hotchkiss pointed out, no filing had ever been received. Further investigation in the Life and Health Division of the Nebraska Department of Insurance confirmed that no such filing had been received prior to May 2008 and certainly not within the time frame when the endorsement became part of the Terman policy.
- d. Another document received by the Department of Insurance on August 7, 2008, denoted a policy for Marjorie Terman. In that policy, there was an endorsement, specifically Form 1091, which was effective on November 12, 2000. This endorsement did not include a signature line for the policyholder. The endorsement form was for a benefit period change.
- e. The same list of documents included another Form 1091 which had an effective date of November 12, 1997, and declared that the policy would be re-evaluated at the preferred rate class. Once again, the endorsement form was never approved by the Nebraska Department of Insurance and there was no signature line for the policyholder to approve this endorsement.

- f. The same list of documents included another Form 1091 which had an effective date of November 12, 2006, and declared that the policy would have the return of premium rider removed and listed the new premium. Once again, the endorsement form was never approved by the Nebraska Department of Insurance and there was no signature line for the policyholder to approve this endorsement.

3. Respondent was informed of their right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving their right to a public hearing, Respondent also waives their right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits that they violated Neb. Rev. Stat. §§44-710, 44-710.17, 44-1524, 44-1525(1)(a), 44-1525(1)(f), 44-1525(2).


CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes violations of Neb. Rev. Stat. §§44-710, 44-710.17, 44-1524, 44-1525(1)(a), 44-1525(1)(f), 44-1525(2).

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, Penn Treaty Network America Insurance Company, that they shall pay an administrative fine of \$3,000. The fine shall be paid in total within thirty days after the Director of the Department of Insurance or her designee affixes their signature to this document and approves said consent agreement. The Department of Insurance will continue to retain jurisdiction over this matter and shall prosecute any other violations for failure to comply with this Consent Order. In witness of their intention to be

bound by this Consent Order, each party has executed this document by subscribing their signature below.



Martin W. Swanson, #20795
Attorney for Nebraska
Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402)471-2201

10/20/08
Date



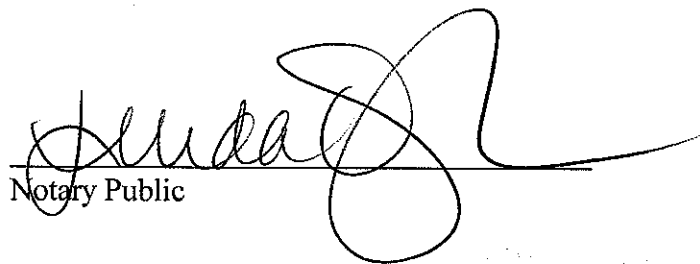
Respondent

10-9-08
Date

State of Pennsylvania)
County of Lehigh) ss.

On this 9th day of October, 2008, Jane Bagley, ^{SVP + Corp Counsel} on behalf of

Respondent, Penn Treaty Network America Insurance Company, personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be their voluntary act and deed.


Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Linda G. Carraghan, Notary Public
City of Allentown, Lehigh County
My Commission Expires July 5, 2012
Member, Pennsylvania Association of Notaries

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Penn Treaty Network America Insurance Company, Cause No. C-1725.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



Ann M. Frohman
Director of Insurance

10/23/08
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent, at 3440 Lehigh Street, Allentown, PA 18103, by certified mail, return receipt requested on this 23rd day of October, 2008.

